



JENNIFER M. GRANHOLM  
GOVERNOR

STATE OF MICHIGAN  
OFFICE OF THE STATE BUDGET  
LANSING

MARY A. LANNOYE  
DIRECTOR

January 28, 2003

The Honorable Shirley Johnson, Chair  
Senate Appropriations Committee  
Michigan State Senate  
State Capitol  
Lansing, Michigan 48901

The Honorable Marc Shulman, Chair  
House Appropriations Committee  
Michigan House of Representatives  
State Capitol  
Lansing, Michigan 48901

Dear Legislators:

Attached are the monthly financial reports for the months ending November 30, and December 31, 2002. These reports are submitted pursuant to MCL 18.1386. These reports can also be found on the Internet at the following address:

[www.michigan.gov/budget](http://www.michigan.gov/budget) under "Financial Reports."

If you have questions concerning the information in either report, please contact this office.

Sincerely,

Mary Lannoye  
State Budget Director

Attachment

cc: List attached

cc: Governor Jennifer Granholm  
Ken Sikkema, Senate Majority Leader  
Rick Johnson, Speaker of the House  
Bob Emerson, Senate Minority Leader  
Diane Byrum, House Minority Leader  
Senate Appropriations Committee  
House Appropriations Committee  
Nancy Cassis, Chair, Senate  
Finance Committee

Lorence Wenke, House Taxation Committee  
Rick Wiener, Executive Office  
Tim Hughes, Executive Office  
Senate Fiscal Agency  
House Fiscal Agency  
Mike Moody, Financial Management  
Nancy Duncan, Deputy Director  
State Budget Office  
Internal Budget Office Distribution

# DECEMBER 2002 REPORT

**GENERAL FUND, GENERAL PURPOSE**  
**Fiscal Year 2003**  
**Projected Revenues and Expenditures**  
**December 31, 2002**  
(\$ in millions)

	<b>FISCAL 2003</b>
<b>Beginning Balance, October 1, 2002</b>	<b>\$ 114.5</b>
<b>Revenues, Current Law:</b>	
<b>Current Year GF/GP Revenues, May 2002 Consensus</b>	<b>\$ 9,131.8</b>
<b>Adjustments To Consensus Baseline</b>	
Adjustments to Consensus Baseline	\$ (727.6)
<b>Subtotal Adjusted Baseline, May 2002 Consensus</b>	<b>\$ 8,404.2</b>
<b>Additional Revenue Adjustments:</b>	
Treasury Revisions to Revenue Estimates (November 27, 2002)	\$ (402.1)
Cigarette Tax increase (PA 503 of 2002)	\$ 140.3
Estimated Budget Stabilization Fund Withdrawal (PA 504 of 2002)	\$ 115.9
Cap Revenue Sharing at FY02 Appropriation (PA 528 of 2002)	\$ 109.3
Merit Award Trust Fund Withdrawal (PA 530 of 2002)	\$ 100.0
Compensation paid by PEOs (PA 603 of 2002)	\$ (3.1)
SBT Gross Receipts (PA 606 of 2002)	\$ (3.4)
Allow bad debt allowance for tobacco wholesalers (PA 607 of 2002)	\$ (0.2)
Expand use tax for tribal members vehicles (PA 614 of 2002)	\$ (0.1)
Expand deduction for tribal members (PA 615 of 2002)	\$ (3.5)
Authorize state to enter into tax agreements with Indian tribes (PA 616 of 2002)	\$ (0.5)
Diesel Equity and Simplification Proposal (PA 667-669 of 2002)	\$ 1.5
Escheat - exempt small payroll checks (PA 677 of 2002)	\$ (0.2)
Freeze Single Business Tax Rollback effective January 1, 2003	\$ 84.0
Sale of parcel at the State Fair	\$ 1.5
Executive Order 2002-22 related revenue items:	
Merit Award Trust Fund Deposit to GF (PA 746 of 2002))	\$ 50.0
Waterways Fund Deposit to GF (PA 746 of 2002) )	\$ 7.8
Revenue Sharing Reduction (Executive Order 2002-22)	\$ 53.1
Deposit Health Advance Prefunding Balance to GF (PA 743 of 2002))	\$ 58.2
Liquor Purchase Funds Deposit to GF (Executive Order 2002-22)	\$ 3.7
<b>Subtotal of Additional Revenue Adjustments</b>	<b>\$ 312.2</b>
<b>Anticipated Revenue Adjustments</b>	
Unemployment Agency Funding Transfer to GF	\$ 10.0
Sell Northville Property	\$ 64.6
<b>Subtotal of Anticipated Revenue Adjustments</b>	<b>\$ 74.6</b>
<b>Total FY Resources Available For Expenditure GF/GP</b>	<b>\$ 8,905.5</b>
<b>Expenditures, Current Law:</b>	
Enacted Post Vetoes	\$ 9,196.5
Enacted Supplemental - PA 746 of 2002	\$ (43.9)
Executive Order 2002-22	\$ (227.2)
Executive Order 2002-22 Prior Year Expenditure Reductions	\$ (3.4)
<b>Total Enacted</b>	<b>\$ 8,922.0</b>
<b>Total Expenditures Projected</b>	<b>\$ 8,922.0</b>
<b>Projected Ending Balance, September 30, 2003</b>	<b>\$ (16.5)<sup>1</sup></b>

<sup>1</sup> This action was prior to the January 2003 consensus revenue conference which reduced revenue estimates by an additional \$142.6 million.

**SCHOOL AID FUND**  
**Fiscal Year 2003**  
**Projected Revenues and Expenditures**  
**December 31, 2002**  
(\$ in millions)

	<b>FISCAL 2003</b>
<b>Estimated Beginning Balance, October 1, 2002</b>	<b>\$ 237.0</b>
<b>Current Year School Aid Fund Revenues, May 2002 Consensus</b>	<b>\$ 10,565.7</b>
<b>Baseline Adjustments, May 2002 Consensus</b>	<b>\$ (31.6)</b>
<b>Subtotal, School Aid Fund, Current Year Direct Resources</b>	<b>\$ 10,534.1</b>
Budget Stabilization Fund for Durant Settlement Payments	\$ 32.0
Appropriation from GF/GP	\$ 198.4
Federal Aid	\$ 1,219.8
Local Revenue	\$ 0.7
<b>Additional Revenue Adjustments</b>	
Early State Education Tax Collections - PA 244 of 2002	<b>\$ 458.5</b>
Cigarette Tax Increase - PA 503 of 2002	\$ 105.1
Lottery Sunday Draw - PA 528 of 2002 (and Change play)	\$ 31.8
State Education tax, Next Energy - PA 531 of 2002	\$ (0.3)
Allow bad debt allowance for tobacco wholesalers - PA 607 of 2002	\$ (0.3)
Income tax, expand deduction for certain tribal members - PA 615 of 2002	\$ (1.2)
Revenue Act, authorize State to enter into tax agreements with tribes - PA 616 of 2002	\$ 2.7
Sales tax, expand exemption for vehicles sold to tribal members - PA 617 of 2002	\$ (0.7)
Diesel tax and simplification package - PA 667-669 of 2002	\$ 0.8
<b>Subtotal of Additional Adjustments</b>	<b>\$ 596.4</b>
<b>Anticipated Revenues</b>	
Treasury Revisions to Revenue Estimates (November 15, 2002)	\$ (131.2)
<b>Subtotal, Anticipated Revenues</b>	<b>\$ (131.2)</b>
<b>Total Available SAF Resources</b>	<b>\$ 12,687.2</b>
<b>Expenditures</b>	
<b>Enacted Appropriations as of PA 521 of 2002<sup>1</sup></b>	<b>\$ 12,710.4</b>
<b>Enacted Appropriations</b>	<b>\$ 12,710.4</b>
<b>Projected School Aid Fund Ending Balance September 30, 2003</b>	<b>\$ (23.2)<sup>2</sup></b>

<sup>1</sup> PA 521 of 2002, effective 7/25/02, supercedes PA 297 of 2000, PA 121 of 2001 and PA 191 of 2002.

<sup>2</sup> The January 2003 consensus revenue conference reduced School Aid Fund revenue estimates by an additional \$142.2 million.

# SUMMARY OF EXPENDITURES AND ENCUMBRANCES

## GENERAL FUND GROSS

December 31, 2002

(\$ IN MILLIONS)

### FISCAL YEAR 2001-02

### FISCAL YEAR 2002-03

December 2001	Yr-to-date 2001-02	Fiscal Yr end SEP 30, 2002	DEPARTMENT	Initial Approp	Supplem. Approp.	Exp & Enc December 2002	Exp & Enc Yr-to-date 2002-03
6.0	21.8	93.9	Agriculture	83.2	11.6	7.3	21.8
4.3	11.1	55.4	Attorney General	61.3	(0.8)	4.6	11.9
28.0	87.6	334.4	Capital Outlay	577.3	47.0	28.1	116.6
36.7	84.1	425.2	Career Development	458.3	(0.7)	26.6	78.7
1.1	3.0	14.4	Civil Rights	14.4	(0.3)	1.4	3.1
1.8	5.9	26.4	Civil Service	31.6	(0.3)	1.4	4.3
182.5	599.3	2,128.2	Colleges & Universities	2,137.5	(92.1)	181.8	600.3
666.7	3,283.0	8,561.8	Community Health	9,326.7	(156.0)	677.7	3,046.9
11.3	49.6	224.3	Consumer & Industry Services	270.1	(4.6)	19.5	47.6
124.2	357.7	1,601.1	Corrections	1,689.9	(12.6)	126.0	350.2
67.3	199.0	869.1	Education	215.5	1.1	3.7	21.8
9.2	59.8	197.9	Environmental Quality	306.1	(0.2)	9.6	52.3
0.5	1.4	5.6	Executive Office	5.4	(0.1)	0.4	1.1
284.4	898.5	3,708.1	Family Independence Agency	4,070.4	(8.0)	234.5	761.9
3.5	10.1	69.9	History, Arts & Library	71.5	(1.2)	4.0	10.8
			Information Technology	-0-	-0-		
8.2	24.3	204.4	Judiciary	245.0	(2.3)	19.2	34.1
10.5	28.3	135.2	Legislature	126.4	(1.1)	10.7	28.6
17.4	63.0	187.4	Management & Budget	189.3	-0-	7.7	60.4
0.1	15.2	60.2	Michigan Strategic Fund	44.7	(3.0)	(3.0)	11.8
6.2	25.7	94.5	Military Affairs	98.2	(0.2)	7.4	26.3
3.0	23.5	87.7	Natural Resources	75.0	-0-	10.8	20.6
-0-	-0-	-0-	School Aid	-0-	-0-	-0-	-0-
12.4	43.3	187.4	State	180.1	(0.4)	12.2	39.2
30.4	74.7	377.2	State Police	415.6	(4.3)	54.6	93.0
-0-	-0-	-0-	Transportation	-0-	-0-	-0-	-0-
313.7	633.7	1,869.6	Treasury	1,891.3	(56.4)	323.4	649.9
<b>\$1,829.4</b>	<b>\$6,603.6</b>	<b>\$21,519.3</b>		<b>\$22,584.6</b>	<b>(\$285.0)</b>	<b>\$1,769.6</b>	<b>\$6,093.2</b>

# ESTIMATED BALANCE OF STATE PAYMENTS TO LOCAL UNITS OF GOVERNMENT

Fiscal Year 2003

December 2002

(\$ IN MILLIONS)

	INITIAL APPROPRIATIONS	EXEC. ORDER and SUPPLEMENTALS	TOTAL APPROPRIATIONS YEAR-TO-DATE
Payments to local units of government	16,450.6	(327.6)	16,123.0
Total state spending from state resources	26,710.3	(496.7)	26,213.6
Percentage of state spending from state resources paid to local units	61.59%		61.51%
Required payments to local units (48.97%)	13,080.0		12,836.8
<b>Surplus/(deficit)</b>	<b>\$3,370.6</b>		<b>\$3,286.2</b>

STATE OF MICHIGAN  
**YEAR-TO-DATE STATEMENT OF REVENUES AND EXPENDITURES**  
**COUNTER - CYCLICAL BUDGET AND ECONOMIC STABILIZATION FUND**  
OCTOBER 1, 2002 THROUGH DECEMBER 31, 2002

**REVENUES**

Taxes	\$	-
From federal agencies		-
Miscellaneous		-
		<hr/>
Total Revenues		<hr/> -

**EXPENDITURES**

Current:		
General government		-
Education		-
Family Independence services		-
Public safety and corrections		-
		<hr/>
Total Expenditures		<hr/> -
Excess of Revenues over (under)		
Expenditures		<hr/> -

**OTHER FINANCING SOURCES (USES)**

Proceeds from Bond Issues		-
Operating transfers from:		
State Lottery Fund		-
Other funds		-
		<hr/>
Total operating transfers from other funds		-
Operating transfers to other funds		<hr/> -
		<hr/>
Total Other Financing Sources (Uses)		<hr/> -
Excess of Revenues and Other		
Sources over (under) Expenditures		
and Other Uses	\$	<hr/> - <sup>1</sup> <hr/>



STATE OF MICHIGAN  
**YEAR-TO-DATE STATEMENT OF REVENUES AND EXPENSES**  
**MICHIGAN STRATEGIC FUND**  
OCTOBER 1, 2002 THROUGH DECEMBER 31, 2002

**OPERATING REVENUES**

Operating revenues	\$ -
Interest income	-
Investment revenue (net)	-
Miscellaneous:	
Federal revenues	-
Program fees	636
Other	64
Total miscellaneous	<u>700</u>
Total Operating Revenues	<u>700</u>

**OPERATING EXPENSES**

Salaries, wages, and other administrative	-
Interest expense	-
Depreciation	-
Purchases for resale	-
Other operating expenses:	
Loan loss expense	-
Tuition benefit expense	-
Amortization of deferred issue costs	-
Miscellaneous	-
Total other operating expenses	<u>-</u>
Total Operating Expenses	<u>-</u>
Operating Income (Loss)	<u>700</u>

**NONOPERATING REVENUES (EXPENSES)**

Federal grant revenue	-
Interest revenue	-
Other nonoperating revenues:	
Tribal gaming revenue	1,525
Other nonoperating revenue	-
Total other nonoperating revenues	<u>1,525</u>
Nonoperating grants	-
Interest expense	-
Other nonoperating expense	(0)
Total Nonoperating Revenues (Expenses)	<u>1,525</u>
Income (Loss) Before Operating Transfers	<u>2,225</u>

**OPERATING TRANSFERS**

Operating transfers from primary government	-
Operating transfers to primary government	(1,808)
Total Operating Transfers In (Out)	<u>(1,808)</u>
Net Income (Loss)	<u>\$ 416 <sup>1</sup></u>

<sup>1</sup> Balance does not reflect closing adjustments such as accounts receivable, accounts payable, etc.

STATE OF MICHIGAN  
**YEAR-TO-DATE STATEMENT OF REVENUES AND EXPENDITURES**  
**MICHIGAN NATURAL RESOURCES TRUST FUND**  
OCTOBER 1, 2002 THROUGH DECEMBER 31, 2002  
(in thousands)

**REVENUES**

Taxes	\$ -
From federal agencies	-
From licenses and permits	-
Miscellaneous	<u>10,866</u>
Total Revenues	<u>10,866</u>

**EXPENDITURES**

Current:	
General government	-
Conservation, environment, recreation, and agriculture	310
Capital outlay	<u>497</u>
Total Expenditures	<u>807</u>
Excess of Revenues over (under) Expenditures	<u>10,059</u>

**OTHER FINANCING SOURCES (USES)**

Proceeds from bond issues	-
Operating transfers from other funds	-
Operating transfers to other funds	<u>(2,818)</u>
Total Other Financing Sources (Uses)	<u>(2,818)</u>
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses	<u>\$ 7,241 <sup>1</sup></u>

<sup>1</sup> Balance does not reflect closing adjustments such as accounts receivable,  
accounts payable, etc.

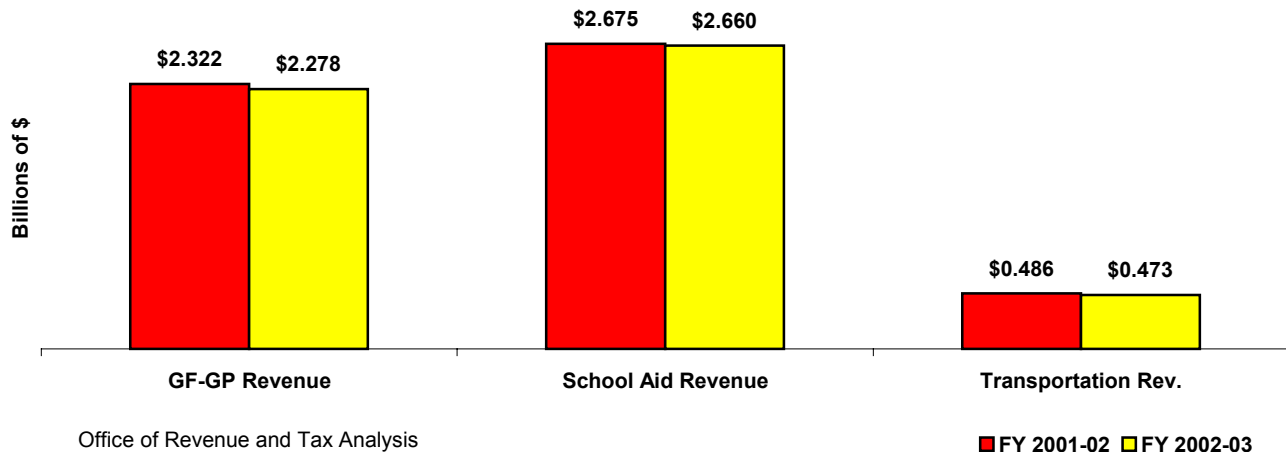
**REVENUE OVERVIEW**  
Office of Revenue and Tax Analysis  
Michigan Department of Treasury

This Monthly Financial Report to the Legislature presents the Michigan State government's economic situation and cash collections for December 2002, representing some November and some December economic activity in Michigan.

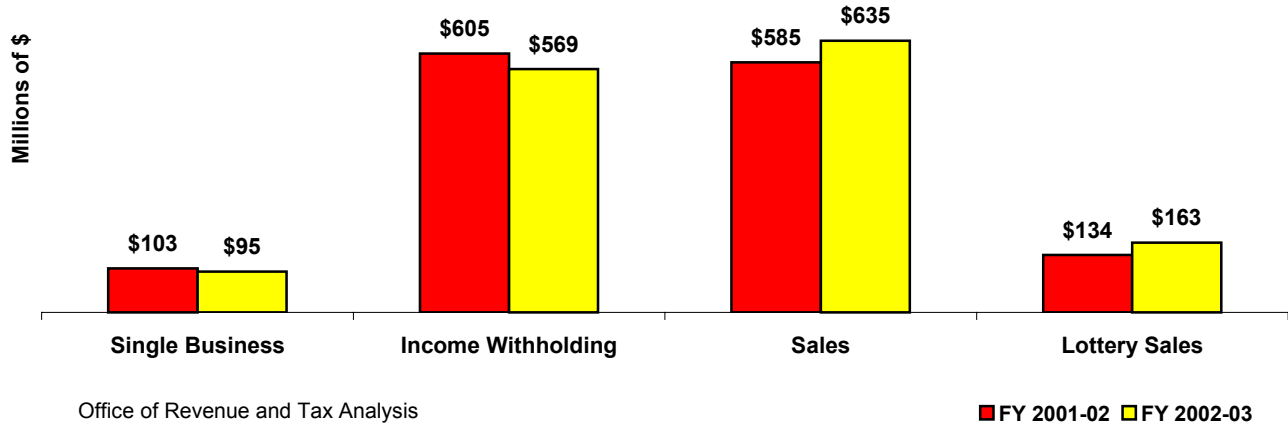
Total General Fund - General Purpose cash collections were \$39.4 million (5.3 percent) lower in December 2002 than in December 2001. December School Aid Fund cash collections were \$24.6 million (3.2 percent) higher than in December 2001. December transportation collections were \$8.0 million (5.4 percent) higher than in December 2001 (see revenue table). Year-to-date collection totals generally provide a more accurate view of collections since they are less affected by the timing of payments. December is the third month of the state's fiscal year. Year-to-date General Fund - General Purpose cash collections are down \$44.4 million (1.9 percent). School Aid Fund cash collections are down \$15.9 million (0.6 percent), and transportation tax cash collections are down \$13.2 million (2.7 percent).

FY 2002-2003 revenue forecasts presented in the revenue table on page 10 are from the Consensus Revenue Estimating Conference held on May 16, 2002. The Statutory estimate revenue totals have been adjusted from the May 2002 Consensus estimates to include increases in revenue due to the cigarette tax hike and the change in the state education tax payment date. The net General Fund – General Purpose revenue forecast for FY 2002-2003 after adjusting for these changes is \$8,544.5 million. The net School Aid revenue forecast is \$11,108.2 million, and the Transportation Funds revenue forecast is \$2,284.3 million. The revenue projections for each tax are shown after all tax adjustments. The next revenue conference is scheduled for January 14, 2003.

**October through December Collections  
Fiscal Years 2001-02 and 2002-03**



## December Revenue Collections Fiscal Years 2001-02 and 2002-03



## October through December Collections Fiscal Years 2001-02 and 2002-03



**Revenue Summary 2002-03**  
**General Fund-General Purpose, School Aid, and Transportation Funds**  
(in thousands)

**For The Month Ended: December 31, 2002**

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MONTH-END CASH COLLECTIONS DATA				OCTOBER THROUGH DECEMBER CASH COLLECTIONS DATA					REVENUE PROJECTIONS		
December		Difference		SOURCE OF REVENUE	Year-to-Date		Difference		2001-2002	2002-2003	2002-2003
2001	2002	Amount	Percent		2001-02	2002-03	Amount	Percent	Preliminary	Statutory Estimate(h)	May. 2002 Consensus
Income Taxes											
\$605,306	\$568,970	(\$36,336)	-6.0%	Withholding	\$1,670,947	\$1,630,078	(\$40,869)	-2.4%	\$6,399,700	\$6,660,600	\$6,660,600
44,275	46,951	2,675	6.0%	Quarterlies	59,744	61,116	1,371	2.3%	634,500	670,500	670,500
6,732	5,085	(1,648)	-24.5%	Annuals	36,825	28,430	(8,395)	-22.8%	508,600	513,200	513,200
656,314	621,005	(35,309)	-5.4%	Gross Collections	1,767,516	1,719,624	(47,893)	-2.7%	\$7,542,800	\$7,844,300	\$7,844,300
16,978	16,472	(506)	-3.0%	Less: Refunds	75,882	63,571	(12,311)	-16.2%	1,391,200	1,445,500	1,445,500
0	0	0	na	State Campaign Fund	0	0	0	na	1,200	1,500	1,500
639,336	604,533	(34,803)	-5.4%	Net Personal Income	1,691,634	1,656,053	(35,582)	-2.1%	\$6,150,400	\$6,397,300	\$6,397,300
157,515	155,251	(2,264)	-1.4%	Less: Disbursements to SAF	424,204	429,906	5,702	1.3%	\$1,860,400	\$1,973,400	\$1,973,400
\$481,821	\$449,282	(\$32,539)	-6.8%	NET PERSONAL INCOME TO GF-GP	\$1,267,430	\$1,226,147	(\$41,284)	-3.3%	\$4,290,000	\$4,423,900	\$4,423,900
Consumption Taxes											
\$7,963	\$8,937	\$974	12.2%	Sales (a,b)	\$23,871	\$20,681	(\$3,190)	-13.4%	\$86,200	\$114,500	\$114,300
90,745	65,692	(25,053)	-27.6%	Use (c)	238,515	197,202	(41,313)	-17.3%	868,300	948,700	948,700
11,815	17,853	6,039	51.1%	Cigarette (Incl Inventory Tax)	37,093	56,281	19,188	51.7%	194,900	281,800	141,700
3,859	3,865	6	0.2%	Beer, Wine & Mixed Spirits	11,746	12,316	571	4.9%	50,000	51,500	51,500
2,652	2,620	(32)	-1.2%	Liquor Specific	5,603	5,533	(70)	-1.2%	29,900	29,800	29,800
\$117,033	\$98,967	(\$18,066)	-15.4%	TOTAL CONSUMPTION TAXES	\$316,828	\$292,014	(\$24,814)	-7.8%	\$1,229,300	\$1,426,300	\$1,286,000
Other Taxes											
\$102,575	\$95,370	(\$7,205)	-7.0%	Single Business (a)	\$491,263	\$510,865	\$19,602	4.0%	\$1,982,300	\$1,864,400	\$1,864,400
707	2,432	1,725	244.0%	Insurance Premiums Taxes	48,449	56,349	7,900	16.3%	227,100	254,000	254,000
103,282	97,802	(5,480)	-5.3%	Sub-total SBT & Insurance	539,712	567,214	27,502	5.1%	2,209,400	2,118,400	2,118,400
4,943	7,050	2,108	42.6%	Inheritance / Estate	35,419	26,753	(8,666)	-24.5%	131,000	76,000	76,000
1,427	12,368	10,942	767.0%	Telephone & Telegraph	66,945	65,446	(1,499)	-2.2%	137,300	150,200	150,200
1,366	2,938	1,572	115.0%	Oil & Gas Severance	8,858	9,460	603	6.8%	30,700	37,000	37,000
11,176	13,961	2,785	24.9%	Penalties & Interest	36,491	43,378	6,887	18.9%	148,900	155,000	155,000
61	90	28	46.3%	Miscellaneous Other/Railroad	244	164	(80)	-32.8%	2,700	0	0
(6,167)	(6,250)	(83)	1.4%	Treasury Enforcement Programs	(18,500)	(18,750)	(250)	-1.4%	(83,800)	(75,000)	(75,000)
\$116,088	\$127,958	\$11,870	10.2%	TOTAL OTHER TAXES	\$669,169	\$693,665	\$24,497	3.7%	\$2,576,200	\$2,461,600	\$2,461,600
\$714,942	\$676,207	(\$38,734)	-5.4%	SUBTOTAL GF-GP TAXES	\$2,253,427	\$2,211,826	(\$41,601)	-1.8%	\$8,095,500	\$8,311,800	\$8,171,500

*continued*

**Revenue Summary 2002-03**  
**General Fund-General Purpose, School Aid, and Transportation Funds**  
(in thousands)

**For The Month Ended: December 31, 2002**

MONTH-END CASH COLLECTIONS DATA					OCTOBER THROUGH DECEMBER CASH COLLECTIONS DATA					REVENUE PROJECTIONS		
December		Difference		SOURCE OF REVENUE	Year-to-Date		Difference		2001-2002 Preliminary	2002-2003 Statutory Estimate(h)	2002-2003 May. 2002 Consensus	
2001	2002	Amount	Percent		2001-02	2002-03	Amount	Percent				
Non-Tax Revenue												
\$3,333	\$2,500	(\$833)	-25.0%	Federal Aid	\$10,833	\$7,500	(\$3,333)	-30.8%	\$24,700	\$30,000	\$30,000	
108	150	42	38.5%	Local Agencies	325	450	125	38.5%	800	1,800	1,800	
500	400	(100)	-20.0%	Services	1,500	1,200	(300)	-20.0%	5,200	4,800	4,800	
2,083	2,000	(83)	-4.0%	Licenses & Permits	6,250	6,000	(250)	-4.0%	16,500	24,000	24,000	
0	0	0	na	Investments/Interest Costs	0	0	0	na	(11,900)	(30,900)	(30,900)	
4,167	4,167	0	0.0%	Misc. Non-tax Revenue	12,500	12,500	0	0.0%	132,000	50,000	50,000	
9,417	9,583	167	1.8%	Liquor Purchase Revolving Fund	28,250	28,750	500	1.8%	118,200	115,000	115,000	
3,000	3,167	167	5.6%	From Other Funds-Lottery & Escheats	9,000	9,500	500	5.6%	44,000	38,000	38,000	
\$22,608	\$21,967	(\$642)	-2.8%	TOTAL NON-TAX REVENUE	\$68,658	\$65,900	(\$2,758)	-4.0%	\$329,500	\$232,700	\$232,700	
\$737,550	\$698,174	(\$39,376)	-5.3%	TOTAL GF-GP REVENUE	\$2,322,085	\$2,277,726	(\$44,359)	-1.9%	\$8,425,000	\$8,544,500	\$8,404,200	
School Aid Fund												
\$237,236	\$257,763	\$20,527	8.7%	Sales Tax 4% (a)	\$711,417	\$673,878	(\$37,538)	-5.3%	2,617,300	2,765,000	2,763,000	
189,123	205,893	16,770	8.9%	Sales Tax 2%	567,125	534,924	(32,202)	-5.7%	2,078,000	2,196,700	2,195,000	
45,456	32,846	(12,610)	-27.7%	Use Tax 2%	119,508	98,601	(20,907)	-17.5%	435,700	474,300	474,300	
27,348	20,022	(7,326)	-26.8%	State Education Property Tax	530,147	527,785	(2,361)	-0.4%	1,583,800	2,093,800	1,624,800	
20,614	16,616	(3,998)	-19.4%	Real Estate Transfer Tax	66,703	61,543	(5,160)	-7.7%	253,100	254,000	254,000	
49,009	50,000	991	2.0%	Lottery Transfer (d)	89,009	118,530	29,521	33.2%	613,500	595,000	595,000	
7,406	7,465	59	0.8%	Casino Wagering Tax	15,970	15,116	(853)	-5.3%	91,900	96,000	96,000	
2,618	2,618	0	0.0%	Liquor Excise Tax	5,433	5,433	0	0.0%	29,100	29,800	29,800	
29,607	44,739	15,132	51.1%	Cigarette/Tobacco Tax	92,953	141,036	48,084	51.7%	403,500	472,400	371,000	
5,637	5,162	(475)	-8.4%	Indus. & Comm. Facilities Taxes	49,754	51,702	1,948	3.9%	152,300	143,000	143,000	
855	(1,336)	(2,191)	na	Specific Other	3,199	1,080	(2,119)	-66.2%	15,400	14,700	14,700	
157,515	155,251	(2,264)	-1.4%	Income Tax Earmarking	424,204	429,906	5,702	1.3%	\$1,860,400	\$1,973,400	\$1,973,400	
\$772,425	\$797,040	\$24,615	3.2%	TOTAL SCHOOL AID FUND	\$2,675,421	\$2,659,535	(\$15,887)	-0.6%	\$10,134,000	\$11,108,200	\$10,534,100	
\$584,516	\$635,498	\$50,981	8.7%	SALES TAX 6%	\$1,752,820	\$1,658,054	(\$94,766)	-5.4%	\$6,439,900	\$6,805,100	\$6,800,000	
395,394	429,605	34,212	8.7%	SALES TAX 4%(f)	1,185,695	1,123,131	(62,564)	-5.3%	4,361,900	4,608,400	4,605,000	
189,123	205,893	16,770	8.9%	SALES TAX 2%	567,125	534,924	(32,202)	-5.7%	2,078,000	2,196,700	2,195,000	
136,368	98,538	(37,830)	-27.7%	USE TAX 6%	358,523	295,803	(62,720)	-17.5%	1,306,400	1,423,000	1,423,000	
46,699	70,567	23,868	51.1%	TOBACCO TAXES	146,613	222,454	75,842	51.7%	648,000	863,500	577,000	
0	0	0	na	TOBACCO SETTLEMENT	2,159	0	(2,159)	-100.0%	na	na	na	
0	11	11	na	CIGARETTE INVENTORY TAX	0	445	445	na	21,900	na	na	

continued

**Revenue Summary 2002-03**  
**General Fund-General Purpose, School Aid, and Transportation Funds**  
(in thousands)

**For The Month Ended: December 31, 2002**

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MONTH-END CASH COLLECTIONS DATA				OCTOBER THROUGH DECEMBER CASH COLLECTIONS DATA						REVENUE PROJECTIONS		
December		Difference		SOURCE OF REVENUE	Year-to-Date		Difference		2001-2002	2002-2003	2002-2003	
2001	2002	Amount	Percent		2001-02	2002-03	Amount	Percent	Preliminary	Statutory Estimate(h)	May. 2002 Consensus	
Major Transportation Revenues												
\$5,958	\$6,143	\$184	3.1%	Diesel Fuel	\$23,420	\$23,074	(\$346)	-1.5%	\$143,000	\$183,000	\$183,000	
76,086	78,025	1,939	2.5%	Gasoline	246,589	234,857	(11,731)	-4.8%	839,800	959,000	959,000	
54,341	60,462	6,121	11.3%	Motor Vehicle Registration	181,433	179,935	(1,499)	-0.8%	827,300	850,000	850,000	
4,952	4,401	(551)	-11.1%	Other Taxes, Fees & Misc.	16,557	15,279	(1,278)	-7.7%	203,700	214,824	214,824	
6,137	6,455	317	5.2%	Comprehensive Transportation (e)	17,733	19,364	1,631	9.2%	78,800	77,455	77,455	
\$147,474	\$155,485	\$8,011	5.4%	TOTAL MAJOR TRANS. REVENUES	\$485,732	\$472,509	(\$13,224)	-2.7%	\$2,092,600	\$2,284,279	\$2,284,279	
Lottery Sales By Games (d)												
57,844	68,798	10,954	18.9%	Instant Games	156,727	170,727	13,999	8.9%	na	na	na	
56,063	71,428	15,365	27.4%	Daily Games	161,266	182,701	21,436	13.3%	na	na	na	
19,729	20,880	1,150	5.8%	Lotto and Big Game	53,742	54,548	806	1.5%	na	na	na	
799	1,270	471	59.0%	Keno Game	2,421	3,107	686	28.4%	na	na	na	
0	739	739	na	Changeplay Game	0	2,884	2,884	na	na	na	na	
\$134,435	\$163,115	\$28,680	21.3%	TOTAL LOTTERY SALES	\$374,155	\$413,967	\$39,812	10.6%	na	na	na	

a Effective beginning FY 97 all revenue sharing distributions are funded through sales tax collections.

b GF-GP Sales has been estimated based on CTF and Health Initiative shares.

c GF-GP Use tax has been estimated by subtracting administrative costs of the senior drug program.

d The statutory estimate does not include an estimate of lottery sales. It only includes an estimate of the SAF transfer. The transfers shown are actual transfers from Lottery to SAF.

e The CTF distributions for FY 2002 have been estimated (includes sales tax transfer and other miscellaneous revenues dedicated to the CTF).

f 2% collections adjusted to reflect exemption on residential utilities.

g Official CAFR figures are adjusted to put them on a comparable basis with Consensus Estimates.

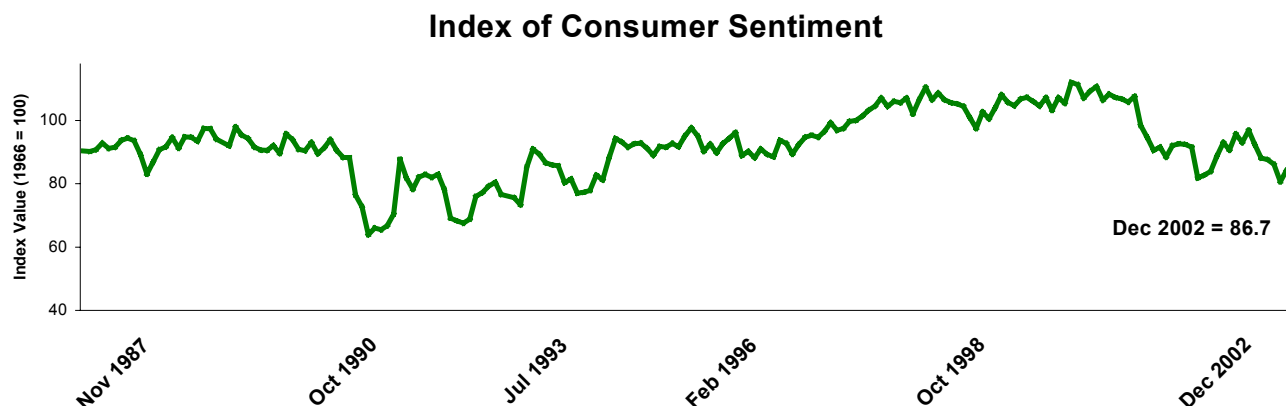
h The statutory estimate has been adjusted so that the tobacco tax revenues include the effect of the rate hike and state education tax figures include revenues from the change in payment date.

Source: Michigan Department of Treasury, Office of Revenue and Tax Analysis, based on reports from the Office of Financial Management, Michigan Department of Management and Budget, and other reports from the Michigan Department of Treasury.

## Economic Highlights

(All data seasonally adjusted unless otherwise noted.)

### U. S. Economy



Source: University of Michigan, Survey Research Center

The **Index of Consumer Sentiment** was 86.7 in December, up 2.5 index-points from the November value, but 2.1 index-points below December 2001. Survey director Richard Curtin reports, "Consumers still anticipate tepid economic growth in the first half of 2003, reflecting a substantial and widespread uncertainty about the potential impact of a war with Iraq." Curtin notes, "The primary concern of consumers is the expected weak growth in jobs during the first half of 2003. Given the likely increase in the unemployment rate in early 2003, as well as consumers' already heightened concerns about their retirement savings, consumers will accelerate their planned increases in savings as a precaution against what they will consider a jobless recovery." He concludes, "The result will be a slower rate of growth in consumer spending that will persist throughout 2003." In December, consumers in 2 of the 4 regions experienced a gain in confidence. Southern consumers experienced the largest increase of 8.2 index-points, followed by Western consumers at 2.8 index-points. Northeastern consumers registered losses of 5.2 index-points with Midwestern consumers recording a slight loss of 0.2 index-points. As a result, the gap across regions increased to 15.6 index-points, with Southern consumers currently on top with Northeastern consumers on the bottom for the second month in a row.

The revised estimate of real **Gross Domestic Product** for the third quarter of 2002 is \$9,485.6 billion (chained 1996 dollars), an increase of 4.0 percent at an annual rate. In the second quarter, real gross domestic product increased 1.3 percent. The revised estimate of the third quarter gross domestic product growth rate was the same as the preliminary estimate. There were several offsetting revisions which led the rate of growth to be unchanged. Upward revisions to private inventories (\$3.3 billion) and exports (\$3.4 billion) were offset by an upward revision in imports (\$3.9 billion). The increase in overall third quarter gross domestic product was led by growth in personal consumption expenditures, equipment and software, private inventory investment and government spending. Real personal consumption expenditures increased 4.2 percent in the third quarter compared to an increase of 1.8 percent in the second quarter. Durable goods purchases increased 22.8 percent in the third quarter. Real nonresidential fixed investment decreased 0.3 percent overall in the third quarter, but investment in equipment and software increased 6.7 percent which helped soften the decline in business investment. Federal government spending increased 4.3 percent in the third quarter, down from 7.5

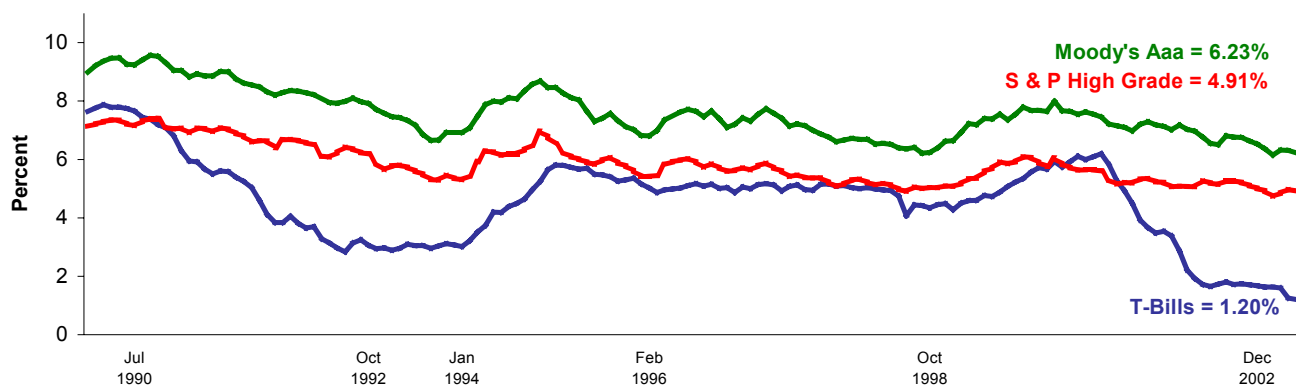


percent in the second quarter. State and local government spending increased 2.2 percent in the third quarter compared to a 1.7 percent decrease in the second quarter. Exports of goods and services increased 4.6 percent in the third quarter, compared to a 14.3 percent increase in the second quarter. Imports increased 3.3 percent in the third quarter, which led to a slight reduction in the trade deficit. Real final sales increased at a 3.4 percent rate in the third quarter after declining at a 0.1 percent rate in the second quarter. On the inflation front, the **implicit price deflator** measure estimate increased at 1.0 percent annual rate in the third quarter, compared to an increase of 1.2 percent observed in the second quarter.

**U. S. retail prices**, as measured by the Consumer Price Index (CPI-U), declined 0.2 percent in December. Energy decreased 1.6 percent in December while the all-items less energy component decreased 0.2 percent in December. For the six months since June, the all-items index increased at a 2.1 percent annual rate.

Compared to December 2001, the all-items index increased 2.4 percent. For major component groups, the unadjusted increases from one year ago were: food and beverages, 1.5 percent; housing, 2.4 percent; medical care, 5.0 percent; recreation, 1.1 percent; education and communication, 2.2 percent; transportation 3.8 percent, with gasoline prices up 24.8 percent; and other goods and services, 3.3 percent, with tobacco prices up 9.5 percent; while apparel was down 1.8 percent.

### Selected Key Interest Rates



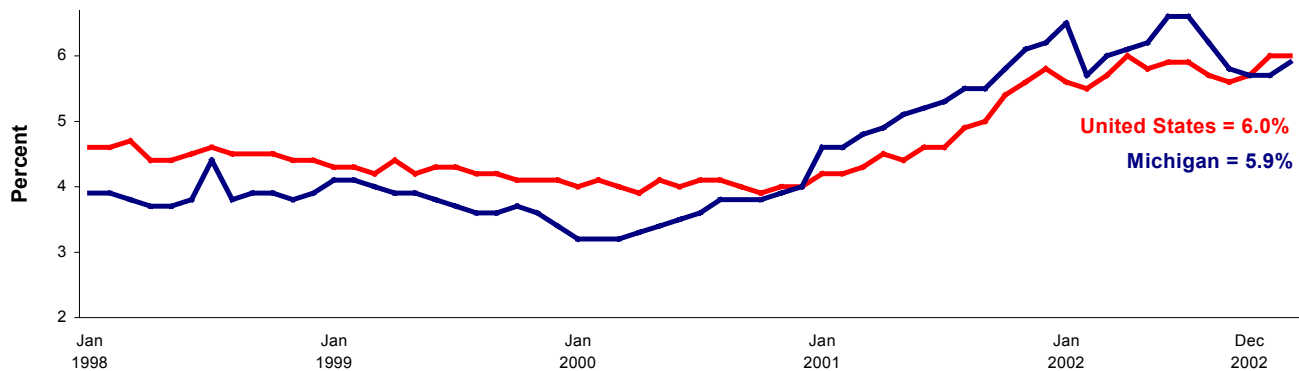
Source: Economic Indicators

Short-term **interest rates** decreased in December as the 3-month Treasury bill (T-bill) rate averaged 1.20 percent. Compared to one year ago, the T-bill rate is down 0.52 percentage points. Long-term interest rates, such as the Aaa corporate bond rate, decreased 0.08 percentage points to an interest yield of 6.23 percent in December. Compared to one year ago, the Aaa bond yield is down 0.53 percentage points. The interest rate on High-grade municipal bonds decreased 0.07 percentage points to 4.91 percent in December, and stands 0.37 percentage points below its year ago level. The Federal Open Market Committee (FOMC) held the federal funds steady at 1.25 percent at its December 10 meeting. The FOMC indicated that, "The limited number of incoming economic indicators since the December meeting, taken together, are not inconsistent with the economy working its way through its current soft spot." The committee reported that, "the risks are balanced with respect to the prospects of price stability and sustainable economic growth in the foreseeable future."

In December, the **U. S. unemployment rate** remained unchanged at 6.0 percent and was up 0.2 percentage points from one year ago. Civilian employment totaled 134.0 million persons in December,

a decrease of 273,000 from the November level and 103,000 below the December 2001 level. The labor force decreased 191,000 from last month.

### Unemployment Rates 1998 - 2002



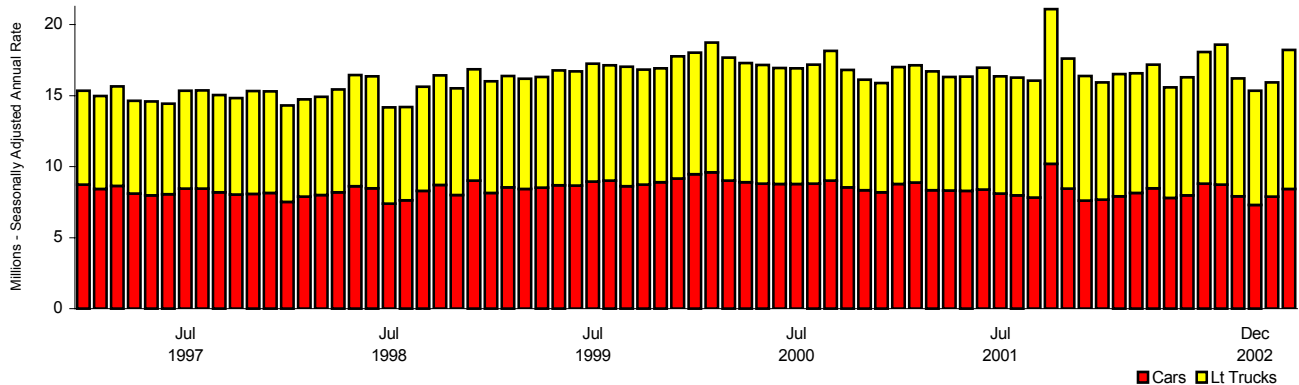
Source: Bureau of Labor Statistics and Michigan Department of Career Development, Employment Service Agency

In December, the **Michigan jobless rate** increased to 5.9 percent, 0.1 percentage points below the national unemployment rate. This marks the second month in a row that the Michigan unemployment rate was below the national average. Compared to a year ago, Michigan's jobless rate was down 0.3 percentage points. The number of people employed was down 24,000 from November's figure to 4,804,000 in December, and was 54,000 below the December 2001 level. Michigan's preliminary annual average unemployment rate for 2002 is 6.1 percent. This is above the preliminary national average of 5.8 percent. Monthly unemployment rates fluctuate due to statistical sampling errors. Therefore, Michigan's three-month unemployment rate average of 5.8 percent in December may be a better measure of actual job market conditions.

**Detroit retail prices**, as measured by the Consumer Price Index (CPI-U), declined 0.4 percent from October to December, compared to a 0.3 percent decline from August to October. The all-items less food and energy index decreased 0.2 percent from October to December. The food index increased 0.9 percent from October to December while the energy component decreased 5.5 percent. Compared to December 2001, the all-items index increased 3.6 percent. For individual component items, the increases from one year ago were: food and beverages, 1.9 percent; housing, 3.2 percent; transportation, 1.5 percent; medical care, 3.5 percent; education and communication 1.0 percent; other goods and services, 5.8 percent; and apparel 4.9 percent.

## Motor Vehicle Sector

### U. S. Light Vehicle Sales

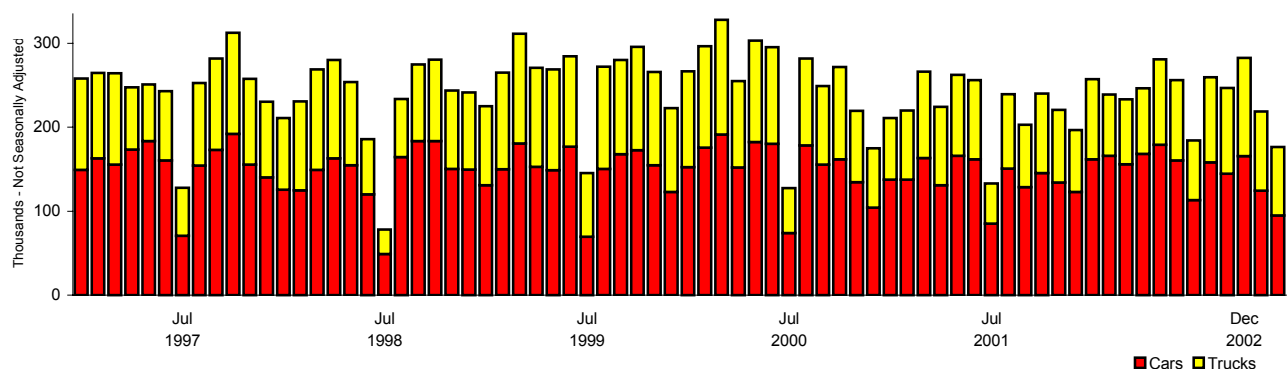


Source: Bureau of Economic Analysis

**U. S. light vehicle sales** (cars + light trucks) increased 2.3 million units in December selling at a 18.2 million unit seasonally adjusted annual rate. Domestic car sales increased 10.0 percent while domestic light truck sales increased 24.1 percent. Import car sales decreased 1.6 percent while import truck sales increased 5.9 percent. As a result, the domestic share increased 2.5 percentage points to 81.3 percent. Compared to last year, light vehicle sales were up 11.1 percent. Domestic car sales were up 14.6 percent and domestic light truck sales were up 11.6 percent. Import car sales were up 1.8 percent and import truck sales were up 9.0 percent from last year. Thus, the domestic share increased 1.3 percentage points from a year ago. For the fiscal year-to-date, domestic light vehicles have an 80.3 share of a 16.5 million unit market. In calendar year 2002, light vehicle sales were 16.7 million units, down slightly from 17.0 million recorded in calendar year 2001.

**Michigan motor vehicle production** decreased to 176,574 units in December. From a year ago motor vehicle production decreased 10 percent in Michigan and fell 2 percent nationally. In December, Michigan's car production was 94,985 units while the state's truck production was 81,589 units. Compared with a year ago, car production decreased 23 percent in Michigan and fell 7 percent nationwide. The state's truck production increased 11 percent while national truck production increased 2 percent from a year ago. In calendar year 2002, Michigan light vehicle production increased 7.8 percent. In calendar year 2002, Michigan light vehicle production fell 12.9 percent. Michigan motor vehicle production data are not seasonally adjusted.

### Michigan Motor Vehicle Production



Source: Office of Revenue & Tax Analysis

**Summary Estimates of the Constitutional Revenue Limit  
Based on the May 16, 2002 Consensus Revenue Agreement  
(Article IX, Section 26)  
(in millions)**

	<b>Fiscal Year 2000-2001 Actual</b>	<b>Fiscal Year 2001-2002 Estimate</b>	<b>Fiscal Year 2002-2003 Estimate</b>
<b>Revenue Limit Calculation</b>			
Applicable Calendar Year Personal Income	\$277,296	\$289,390	\$295,108
Section 26 Base Ratio	9.49%	9.49%	9.49%
Revenue Limit	\$26,315.4	\$27,463.1	\$28,005.7
<b>Amount Under Limit Calculation</b>			
Revenue Limit	\$26,315.4	\$27,463.1	\$28,005.7
State Revenue Subject to Limit	\$23,909.2	\$23,435.9	\$24,451.9
<b>Amount Under (Over) Limit</b>	<b>\$2,406.2</b>	<b>\$4,027.2</b>	<b>\$3,553.9</b>

Sources:

Personal Income Estimate

The FY 2000-01 calculation uses the official personal income estimate for calendar year 1999 (Survey of Current Business, October 2000).

The FY 2001-02 calculation uses the preliminary April 2001 release for personal income for calendar year 2000 (Bureau of Economic Analysis).

The FY 2002-03 calculation uses the May 16, 2002 Consensus Revenue Agreement.

Revenue Subject to the Limit

The FY 2000-01 calculation uses the State of Michigan Statement of Revenue Subject to Constitutional Limitation - Legal Basis for the Fiscal Year Ended September 30, 2001.

The FY 2001-02 calculation uses the May 16, 2002 Consensus Revenue Agreement.

The FY 2002-03 calculation uses the May 16, 2002 Consensus Revenue Agreement.

Prepared By: Office Of Revenue and Tax Analysis, Michigan Department of Treasury

# NOVEMBER 2002 REPORT

**GENERAL FUND, GENERAL PURPOSE**  
**Fiscal Year 2003**  
**Projected Revenues and Expenditures**  
**November 30, 2002**  
(\$ in millions)

	<b>FISCAL 2003</b>
<b>Beginning Balance, October 1, 2002</b>	<b>\$ 114.5</b>
<b>Revenues, Current Law:</b>	
<b>Current Year GF/GP Revenues, May 2002 Consensus</b>	<b>\$ 9,131.8</b>
<b>Adjustments To Consensus Baseline</b>	
Adjustments to Consensus Baseline	\$ (727.6)
<b>Subtotal Adjusted Baseline, May 2002 Consensus</b>	<b>\$ 8,404.2</b>
<b>Additional Revenue Adjustments:</b>	
Treasury Revisions to Revenue Estimates (November 27, 2002)	\$ (402.1)
Estimated Budget Stabilization Fund Withdrawal (PA 504 of 2002)	\$ 115.9
Merit Award Trust Fund Withdrawal (PA 530 of 2002)	\$ 100.0
Cap Revenue Sharing at FY02 Appropriation (PA 528 of 2002)	\$ 109.3
Diesel Equity and Simplification Proposal (PA 667 of 2002)	\$ 3.0
Cigarette Tax increase (PA 503 of 2002)	\$ 140.3
Freeze Single Business Tax Rollback effective January 1, 2003	\$ 84.0
Unemployment Agency Funding Transfer to GF	\$ 10.0
Sell Northville Property	\$ 64.6
Sale of parcel at the State Fair	\$ 1.5
<b>Subtotal of Additional Revenue Adjustments</b>	<b>\$ 226.5</b>
<b>Total FY Resources Available For Expenditure GF/GP</b>	<b>\$ 8,745.2</b>
<b>Expenditures, Current Law:</b>	
Enacted Post Vetoes	\$ 9,196.5
<b>Total Enacted</b>	<b>\$ 9,196.5</b>
<b>Anticipated Expenditure Adjustments:</b>	
Recommended Supplemental (November 15, 2002)	\$ 6.0
Recommended Supplemental (November 25, 2002)	\$ 4.2
<b>Subtotal Anticipated Expenditure Adjustments</b>	<b>\$ 10.2</b>
<b>Total Expenditures Projected</b>	<b>\$ 9,206.7</b>
<b>Projected Ending Balance, September 30, 2003</b>	<b>\$ (461.5)<sup>1</sup></b>

<sup>1</sup> Executive Order 2002-22 and PA 746 of 2002 were approved in December 2002, to resolve the budgetary shortfall identified in this report. This action was prior to the January 2003 consensus revenue conference which reduced revenue estimates by an additional \$142.6 million.

**SCHOOL AID FUND**  
**Fiscal Year 2003**  
**Projected Revenues and Expenditures**  
**November 30, 2002**  
(\$ in millions)

**FISCAL**  
**2003**

<b>Estimated Beginning Balance, October 1, 2002</b>	<b>\$ 250.2</b>
<b>Current Year School Aid Fund Revenues, May 2002 Consensus</b>	<b>\$ 10,565.7</b>
<b>Baseline Adjustments, May 2002 Consensus</b>	<b>\$ (31.6)</b>
<b>Subtotal, School Aid Fund, Current Year Direct Resources</b>	<b>\$ 10,534.1</b>
Budget Stabilization Fund for Durant Settlement Payments	\$ 32.0
Appropriation from GF/GP	\$ 198.4
Federal Aid	\$ 1,219.8
Local Revenue	\$ 0.7
<b>Additional Revenue Adjustments</b>	
Early State Education Tax Collections - PA 244 of 2002	\$ 458.5
Cigarette Tax Increase - PA 503 of 2002	\$ 105.1
Lottery Sunday Draw - PA 528 of 2002 (and Change play)	\$ 31.8
<b>Subtotal of Additional Adjustments</b>	<b>\$ 595.4</b>
<b>Anticipated Revenues</b>	
Diesel Equity and Simplification	\$ 1.5
Treasury Revisions to Revenue Estimates (November 15, 2002)	\$ (131.2)
<b>Subtotal Anticipated Revenues</b>	<b>\$ (129.7)</b>
<b>Total Available SAF Resources</b>	<b>\$ 12,700.9</b>

<b>Expenditures</b>	
<b>Enacted Appropriations as of PA 521 of 2002<sup>1</sup></b>	<b>\$ 12,710.4</b>
<b>Enacted Appropriations</b>	<b>\$ 12,710.4</b>
<b>Projected School Aid Fund Ending Balance September 30, 2003</b>	<b>\$ (9.5) <sup>2</sup></b>

<sup>1</sup> PA 521 of 2002, effective 7/25/02, supercedes PA 297 of 2000, PA 121 of 2001 and PA 191 of 2002.

<sup>2</sup> The January 2003 consensus revenue conference reduced School Aid Fund revenue estimates by an additional \$142.2 million.

# SUMMARY OF EXPENDITURES AND ENCUMBRANCES

## GENERAL FUND GROSS

November 30, 2002

(\$ IN MILLIONS)

### FISCAL YEAR 2001-02

### FISCAL YEAR 2002-03

November 2001	Yr-to-date 2001-02	Fiscal Yr end SEP 30, 2002	DEPARTMENT	Initial Approp	Supplem. Approp.	Exp & Enc November 2002	Exp & Enc Yr-to-date 2002-03
7.8	15.8	93.9	Agriculture	83.2	12.6	5.6	14.5
4.7	6.8	55.4	Attorney General	61.3	-0-	4.2	7.2
29.4	59.6	334.4	Capital Outlay	577.3	(0.2)	42.0	88.5
28.5	47.4	425.2	Career Development	458.3	-0-	28.5	52.1
1.1	1.9	14.4	Civil Rights	14.4	-0-	1.0	1.7
1.7	4.1	26.4	Civil Service	31.6	-0-	1.7	2.9
189.3	416.8	2,128.2	Colleges & Universities	2,137.5	-0-	229.5	418.5
820.6	2,616.2	8,561.8	Community Health	9,326.7	-0-	608.8	2,369.2
24.4	38.2	224.3	Consumer & Industry Services	270.1	-0-	12.2	28.1
126.4	233.5	1,601.1	Corrections	1,689.9	-0-	115.0	224.3
66.8	131.7	869.1	Education	215.5	-0-	9.5	18.1
18.1	50.7	197.9	Environmental Quality	308.1	-0-	19.1	42.7
0.5	0.9	5.6	Executive Office	5.4	-0-	0.4	0.7
254.4	614.1	3,708.1	Family Independence Agency	4,070.4	-0-	253.0	527.3
3.1	6.6	69.9	History, Arts & Library	71.5	-0-	3.3	6.8
			Information Technology	-0-	-0-		
8.8	16.1	204.4	Judiciary	245.0	-0-	7.8	14.9
10.0	17.8	135.2	Legislature	126.4	-0-	10.3	17.9
13.8	45.6	187.4	Management & Budget	189.3	-0-	17.4	52.7
-0-	15.1	60.2	Michigan Strategic Fund	44.7	-0-	-0-	14.8
10.0	19.5	94.5	Military Affairs	98.2	-0-	8.1	18.9
13.4	20.5	87.7	Natural Resources	75.0	-0-	4.4	9.9
-0-	-0-	-0-	School Aid	-0-	-0-	-0-	-0-
15.0	30.9	187.4	State	180.1	-0-	11.4	26.9
27.7	44.4	377.2	State Police	415.6	-0-	23.2	38.4
-0-	-0-	-0-	Transportation	-0-	-0-	-0-	-0-
22.8	320.1	1,869.6	Treasury	1,891.3	-0-	18.6	326.5
<b>\$1,698.3</b>	<b>\$4,774.3</b>	<b>\$21,519.3</b>		<b>\$22,586.6</b>	<b>\$12.4</b>	<b>\$1,435.0</b>	<b>\$4,323.5</b>



# ESTIMATED BALANCE OF STATE PAYMENTS TO LOCAL UNITS OF GOVERNMENT

Fiscal Year 2003

November 2002

(\$ IN MILLIONS)

	INITIAL APPROPRIATIONS	EXEC. ORDER and SUPPLEMENTALS	TOTAL APPROPRIATIONS YEAR-TO-DATE
Payments to local units of government	16,450.6	(248.6)	16,202.0
Total state spending from state resources	26,712.3	(230.7)	26,481.6
Percentage of state spending from state resources paid to local units	61.58%		61.18%
Required payments to local units (48.97%)	13,081.0		12,968.0
<b>Surplus/(deficit)</b>	<b>\$3,369.6</b>		<b>\$3,234.0</b>

STATE OF MICHIGAN  
**YEAR-TO-DATE STATEMENT OF REVENUES AND EXPENDITURES**  
**COUNTER - CYCLICAL BUDGET AND ECONOMIC STABILIZATION FUND**  
OCTOBER 1, 2002 THROUGH NOVEMBER 30, 2002

**REVENUES**

Taxes	\$	-
From federal agencies		-
Miscellaneous		-
		<hr/>
Total Revenues		<hr/> -

**EXPENDITURES**

Current:		
General government		-
Education		-
Family Independence services		-
Public safety and corrections		-
		<hr/>
Total Expenditures		<hr/> -
Excess of Revenues over (under)		
Expenditures		<hr/> -

**OTHER FINANCING SOURCES (USES)**

Proceeds from Bond Issues		-
Operating transfers from:		
State Lottery Fund		-
Other funds		-
		<hr/>
Total operating transfers from other funds		-
Operating transfers to other funds		<hr/> -
		<hr/>
Total Other Financing Sources (Uses)		<hr/> -
Excess of Revenues and Other		
Sources over (under) Expenditures		
and Other Uses	\$	<hr/> - <sup>1</sup> <hr/>

STATE OF MICHIGAN  
**YEAR-TO-DATE STATEMENT OF REVENUES AND EXPENSES**  
**MICHIGAN STRATEGIC FUND**  
OCTOBER 1, 2002 THROUGH NOVEMBER 30, 2002  
(in thousands)

**OPERATING REVENUES**

Operating revenues	\$ -
Interest income	-
Investment revenue (net)	-
Miscellaneous:	
Federal revenues	-
Financing fees	244
Other	-
Total miscellaneous	<u>244</u>
Total Operating Revenues	<u>244</u>

**OPERATING EXPENSES**

Salaries, wages, and other administrative	-
Interest expense	-
Depreciation	-
Purchases for resale	-
Other operating expenses:	
Loan loss expense	-
Tuition benefit expense	-
Amortization of deferred issue costs	-
Miscellaneous	-
Total other operating expenses	<u>-</u>
Total Operating Expenses	<u>-</u>
Operating Income (Loss)	<u>244</u>

**NONOPERATING REVENUES (EXPENSES)**

Federal grant revenue	-
Interest revenue	-
Other nonoperating revenues:	
Tribal gaming revenue	1,525
Other nonoperating revenue	-
Total other nonoperating revenues	<u>1,525</u>
Nonoperating grants	-
Interest expense	-
Other nonoperating expense	-
Total Nonoperating Revenues (Expenses)	<u>1,525</u>
Income (Loss) Before Operating Transfers	<u>1,769</u>

**OPERATING TRANSFERS**

Operating transfers from primary government	-
Operating transfers to primary government	<u>(172)</u>
Total Operating Transfers In (Out)	<u>(172)</u>
Net Income (Loss)	<u>\$ 1,597 <sup>1</sup></u>

<sup>1</sup> Balance does not reflect closing adjustments such as accounts receivable, accounts payable, etc.

STATE OF MICHIGAN  
**YEAR-TO-DATE STATEMENT OF REVENUES AND EXPENDITURES**  
**MICHIGAN NATURAL RESOURCES TRUST FUND**  
 OCTOBER 1, 2002 THROUGH NOVEMBER 30, 2002  
 (in thousands)

**REVENUES**

Taxes	\$ -
From federal agencies	-
From licenses and permits	-
Miscellaneous	<u>4,177</u>
Total Revenues	<u>4,177</u>

**EXPENDITURES**

Current:	
General government	-
Conservation, environment, recreation, and agriculture	146
Capital outlay	<u>(1,691)</u>
Total Expenditures	<u>(1,545)</u>
Excess of Revenues over (under) Expenditures	<u>5,722</u>

**OTHER FINANCING SOURCES (USES)**

Proceeds from bond issues	-
Operating transfers from other funds	-
Operating transfers to other funds	<u>(1,557)</u>
Total Other Financing Sources (Uses)	<u>(1,557)</u>
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses	<u>\$ 4,165 <sup>1</sup></u>

<sup>1</sup> Balance does not reflect closing adjustments such as accounts receivable,  
 accounts payable, etc.

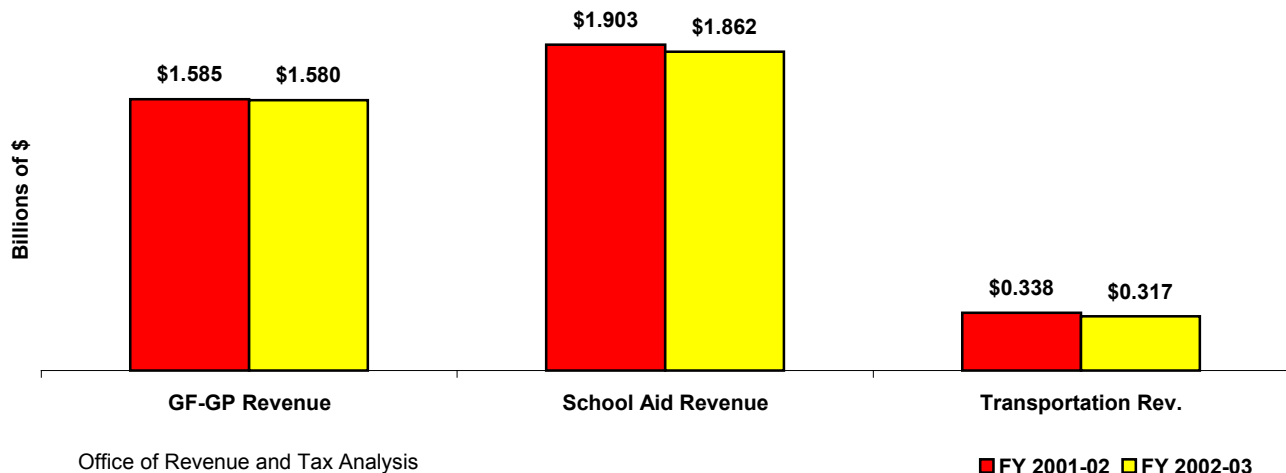
**REVENUE OVERVIEW**  
Office of Revenue and Tax Analysis  
Michigan Department of Treasury

This Monthly Financial Report to the Legislature presents the Michigan State government's economic situation and cash collections for November 2002, representing some October and some November economic activity in Michigan.

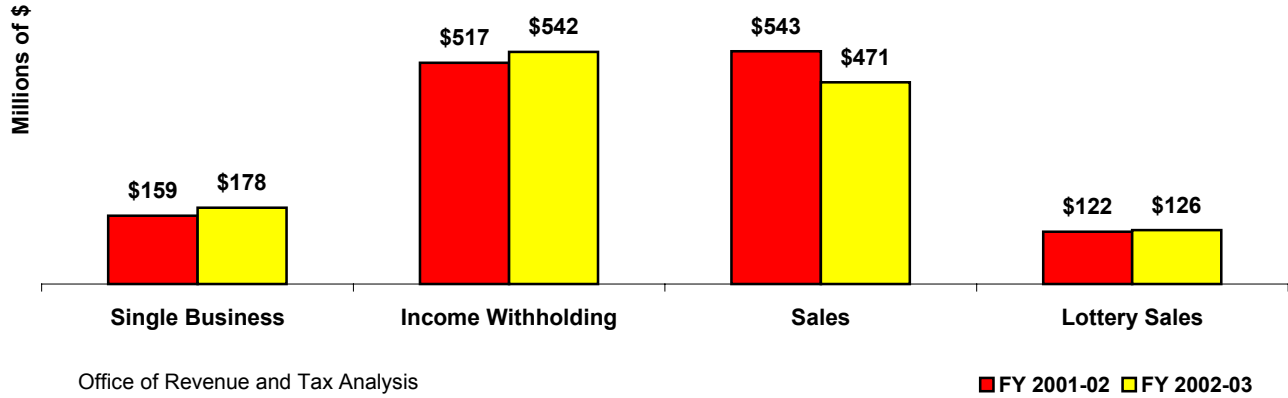
Total General Fund - General Purpose cash collections were \$16.1 million (2.1 percent) higher in November 2002 than in November 2001. November School Aid Fund cash collections were \$38.1 million (4.5 percent) lower than in November 2001. November School Aid Fund collections were lower primarily due to lower sales tax and state education tax payments. November transportation collections were \$19.0 million (10.9 percent) lower than in November 2001 (see revenue table). Year-to-date collection totals generally provide a more accurate view of collections since they are less affected by the timing of payments. November is the second month of the state's fiscal year. November tax collections are accrued back to fiscal year 2002 to the extent they relate to tax liability for that period. For the current fiscal year, General Fund - General Purpose cash collections are down \$5.0 million (0.3 percent). School Aid Fund cash collections are down \$40.5 million (2.1 percent), and transportation tax cash collections are down \$21.2 million (6.3 percent).

FY 2002-2003 revenue forecasts presented in the revenue table on page 10 are from the Consensus Revenue Estimating Conference held on May 16, 2002. The Statutory estimate revenue totals have been adjusted from the May 2002 Consensus estimates to include increases in revenue due to the cigarette tax hike and the change in the state education tax payment date. The net General Fund – General Purpose revenue forecast for FY 2002-2003 after adjusting for these changes is \$8,544.5 million. The net School Aid revenue forecast is \$11,108.2 million, and the Transportation Funds revenue forecast is \$2,284.3 million. The revenue projections for each tax are shown after all tax adjustments. The next revenue conference is scheduled for January 14, 2003.

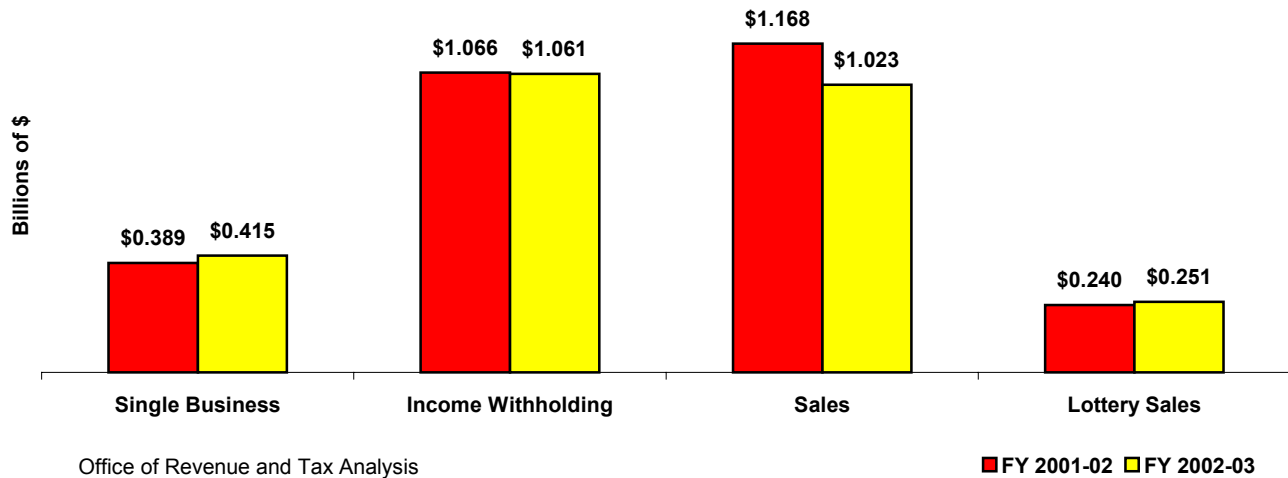
**October through November Collections  
Fiscal Years 2001-02 and 2002-03**



## November Revenue Collections Fiscal Years 2001-02 and 2002-03



## October through November Collections Fiscal Years 2001-02 and 2002-03



**Revenue Summary 2002-03**  
**General Fund-General Purpose, School Aid, and Transportation Funds**  
(in thousands)

**For The Month Ended: November 30, 2002**

MONTH-END CASH COLLECTIONS DATA				OCTOBER THROUGH NOVEMBER CASH COLLECTIONS DATA					REVENUE PROJECTIONS		
November		Difference		SOURCE OF REVENUE	Year-to-Date		Difference		2001-2002	2002-2003	2002-2003
2001	2002	Amount	Percent		2001-02	2002-03	Amount	Percent	Preliminary	Statutory Estimate(h)	May. 2002 Consensus
Income Taxes											
\$516,578	\$541,918	\$25,341	4.9%	Withholding	\$1,065,641	\$1,061,108	(\$4,533)	-0.4%	\$6,399,700	\$6,660,600	\$6,660,600
5,018	4,188	(830)	-16.5%	Quarterlies	15,469	14,165	(1,304)	-8.4%	634,500	670,500	670,500
6,347	4,881	(1,466)	-23.1%	Annuals	30,092	23,346	(6,747)	-22.4%	508,600	513,200	513,200
527,943	550,988	23,044	4.4%	Gross Collections	1,111,203	1,098,619	(12,584)	-1.1%	\$7,542,800	\$7,844,300	\$7,844,300
20,570	25,726	5,156	25.1%	Less: Refunds	58,905	47,099	(11,805)	-20.0%	1,391,200	1,445,500	1,445,500
0	0	0	na	State Campaign Fund	0	0	0	na	1,200	1,500	1,500
507,373	525,262	17,889	3.5%	Net Personal Income	1,052,298	1,051,520	(778)	-0.1%	\$6,150,400	\$6,397,300	\$6,397,300
126,706	137,747	11,041	8.7%	Less: Disbursements to SAF	266,689	274,655	7,966	3.0%	\$1,860,400	\$1,973,400	\$1,973,400
\$380,667	\$387,515	\$6,848	1.8%	NET PERSONAL INCOME TO GF-GP	\$785,609	\$776,865	(\$8,744)	-1.1%	\$4,290,000	\$4,423,900	\$4,423,900
Consumption Taxes											
\$6,945	\$4,891	(\$2,054)	-29.6%	Sales (a,b)	\$15,908	\$11,744	(\$4,164)	-26.2%	\$86,200	\$114,500	\$114,300
71,214	62,409	(8,805)	-12.4%	Use (c)	147,770	131,510	(16,260)	-11.0%	868,300	948,700	948,700
13,797	19,225	5,428	39.3%	Cigarette (Incl Inventory Tax)	25,278	38,428	13,149	52.0%	194,900	281,800	141,700
4,013	4,357	345	8.6%	Beer, Wine & Mixed Spirits	7,887	8,451	564	7.2%	50,000	51,500	51,500
2,859	2,884	25	0.9%	Liquor Specific	2,951	2,913	(38)	-1.3%	29,900	29,800	29,800
\$98,828	\$93,766	(\$5,061)	-5.1%	TOTAL CONSUMPTION TAXES	\$199,795	\$193,046	(\$6,748)	-3.4%	\$1,229,300	\$1,426,300	\$1,286,000
Other Taxes											
\$159,477	\$177,904	\$18,427	11.6%	Single Business (a)	\$388,688	\$415,495	\$26,807	6.9%	\$1,982,300	\$1,864,400	\$1,864,400
18,666	29,395	10,729	57.5%	Insurance Premiums Taxes	47,742	53,917	6,175	12.9%	227,100	254,000	254,000
178,143	207,299	29,156	16.4%	Sub-total SBT & Insurance	436,430	469,412	32,982	7.6%	2,209,400	2,118,400	2,118,400
12,467	8,662	(3,805)	-30.5%	Inheritance / Estate	30,476	19,703	(10,774)	-35.4%	131,000	76,000	76,000
65,538	53,078	(12,460)	-19.0%	Telephone & Telegraph	65,518	53,078	(12,440)	-19.0%	137,300	150,200	150,200
1,933	2,603	670	34.6%	Oil & Gas Severance	7,491	6,523	(969)	-12.9%	30,700	37,000	37,000
12,585	14,092	1,506	12.0%	Penalties & Interest	25,316	29,418	4,102	16.2%	148,900	155,000	155,000
117	74	(43)	-36.5%	Miscellaneous Other/Railroad	183	74	(109)	-59.3%	2,700	0	0
(6,167)	(6,250)	(83)	1.4%	Treasury Enforcement Programs	(12,333)	(12,500)	(167)	-1.4%	(83,800)	(75,000)	(75,000)
\$264,617	\$279,558	\$14,941	5.6%	TOTAL OTHER TAXES	\$553,081	\$565,707	\$12,626	2.3%	\$2,576,200	\$2,461,600	\$2,461,600
\$744,112	\$760,839	\$16,727	2.2%	SUBTOTAL GF-GP TAXES	\$1,538,485	\$1,535,618	(\$2,867)	-0.2%	\$8,095,500	\$8,311,800	\$8,171,500

*continued*

**Revenue Summary 2002-03**  
**General Fund-General Purpose, School Aid, and Transportation Funds**  
(in thousands)

**For The Month Ended: November 30, 2002**

MONTH-END CASH COLLECTIONS DATA				OCTOBER THROUGH NOVEMBER CASH COLLECTIONS DATA					REVENUE PROJECTIONS		
November		Difference		SOURCE OF REVENUE	Year-to-Date		Difference		2001-2002 Preliminary	2002-2003 Statutory Estimate(h)	2002-2003 May. 2002 Consensus
2001	2002	Amount	Percent		2001-02	2002-03	Amount	Percent			
Non-Tax Revenue											
\$3,333	\$2,500	(\$833)	-25.0%	Federal Aid	\$7,500	\$5,000	(\$2,500)	-33.3%	\$24,700	\$30,000	\$30,000
108	150	42	38.5%	Local Agencies	217	300	83	38.5%	800	1,800	1,800
500	400	(100)	-20.0%	Services	1,000	800	(200)	-20.0%	5,200	4,800	4,800
2,083	2,000	(83)	-4.0%	Licenses & Permits	4,167	4,000	(167)	-4.0%	16,500	24,000	24,000
0	0	0	na	Investments/Interest Costs	0	0	0	na	(11,900)	(30,900)	(30,900)
4,167	4,167	0	0.0%	Misc. Non-tax Revenue	8,333	8,333	0	0.0%	132,000	50,000	50,000
9,417	9,583	167	1.8%	Liquor Purchase Revolving Fund	18,833	19,167	333	1.8%	118,200	115,000	115,000
3,000	3,167	167	5.6%	From Other Funds-Lottery & Escheats	6,000	6,333	333	5.6%	44,000	38,000	38,000
\$22,608	\$21,967	(\$642)	-2.8%	TOTAL NON-TAX REVENUE	\$46,050	\$43,933	(\$2,117)	-4.6%	\$329,500	\$232,700	\$232,700
\$766,720	\$782,805	\$16,086	2.1%	TOTAL GF-GP REVENUE	\$1,584,535	\$1,579,552	(\$4,983)	-0.3%	\$8,425,000	\$8,544,500	\$8,404,200
School Aid Fund											
\$220,731	\$192,152	(\$28,579)	-12.9%	Sales Tax 4% (a)	\$474,181	\$416,115	(\$58,065)	-12.2%	2,617,300	2,765,000	2,763,000
175,373	151,213	(24,159)	-13.8%	Sales Tax 2%	378,003	329,031	(48,972)	-13.0%	2,078,000	2,196,700	2,195,000
35,690	31,205	(4,486)	-12.6%	Use Tax 2%	74,052	65,755	(8,297)	-11.2%	435,700	474,300	474,300
159,791	116,196	(43,595)	-27.3%	State Education Property Tax	502,798	507,763	4,965	1.0%	1,583,800	2,093,800	1,624,800
24,419	23,866	(553)	-2.3%	Real Estate Transfer Tax	46,089	44,927	(1,162)	-2.5%	253,100	254,000	254,000
40,000	68,530	28,530	71.3%	Lottery Transfer (d)	40,000	68,530	28,530	71.3%	613,500	595,000	595,000
7,534	7,310	(224)	-3.0%	Casino Wagering Tax	8,563	7,651	(912)	-10.7%	91,900	96,000	96,000
2,819	2,819	0	0.0%	Liquor Excise Tax	2,815	2,815	0	0.0%	29,100	29,800	29,800
34,574	48,176	13,601	39.3%	Cigarette/Tobacco Tax	63,346	96,297	32,951	52.0%	403,500	472,400	371,000
15,606	26,036	10,431	66.8%	Indus. & Comm. Facilities Taxes	44,118	46,540	2,423	5.5%	152,300	143,000	143,000
1,550	1,430	(119)	-7.7%	Specific Other	2,344	2,416	72	3.1%	15,400	14,700	14,700
126,706	137,747	11,041	8.7%	Income Tax Earmarking	266,689	274,655	7,966	3.0%	\$1,860,400	\$1,973,400	\$1,973,400
\$844,792	\$806,680	(\$38,112)	-4.5%	TOTAL SCHOOL AID FUND	\$1,902,997	\$1,862,495	(\$40,502)	-2.1%	\$10,134,000	\$11,108,200	\$10,534,100
\$543,258	\$471,467	(\$71,791)	-13.2%	SALES TAX 6%	\$1,168,304	\$1,022,556	(\$145,747)	-12.5%	\$6,439,900	\$6,805,100	\$6,800,000
367,885	320,253	(47,632)	-12.9%	SALES TAX 4%(f)	790,301	693,525	(96,775)	-12.2%	4,361,900	4,608,400	4,605,000
175,373	151,213	(24,159)	-13.8%	SALES TAX 2%	378,003	329,031	(48,972)	-13.0%	2,078,000	2,196,700	2,195,000
107,071	93,614	(13,457)	-12.6%	USE TAX 6%	222,155	197,265	(24,890)	-11.2%	1,306,400	1,423,000	1,423,000
54,534	75,987	21,453	39.3%	TOBACCO TAXES	99,914	151,888	51,974	52.0%	648,000	863,500	577,000
2,159	0	(2,159)	-100.0%	TOBACCO SETTLEMENT	2,159	0	(2,159)	-100.0%	na	na	na
0	31	31	na	CIGARETTE INVENTORY TAX	0	434	434	na	21,900	na	na

continued



**Revenue Summary 2002-03**  
**General Fund-General Purpose, School Aid, and Transportation Funds**  
(in thousands)

**For The Month Ended: November 30, 2002**

-12-

MONTH-END CASH COLLECTIONS DATA				OCTOBER THROUGH NOVEMBER CASH COLLECTIONS DATA						REVENUE PROJECTIONS		
November		Difference		SOURCE OF REVENUE	Year-to-Date		Difference		2001-2002	2002-2003	2002-2003	
2001	2002	Amount	Percent		2001-02	2002-03	Amount	Percent	Preliminary	Statutory Estimate(h)	May. 2002 Consensus	
Major Transportation Revenues												
\$7,830	\$7,415	(\$416)	-5.3%	Diesel Fuel	\$17,462	\$16,931	(\$531)	-3.0%	\$143,000	\$183,000	\$183,000	
89,838	82,477	(7,362)	-8.2%	Gasoline	170,503	156,832	(13,670)	-8.0%	839,800	959,000	959,000	
64,691	54,183	(10,508)	-16.2%	Motor Vehicle Registration	127,093	119,473	(7,619)	-6.0%	827,300	850,000	850,000	
5,909	4,859	(1,050)	-17.8%	Other Taxes, Fees & Misc.	11,605	10,878	(728)	-6.3%	203,700	214,824	214,824	
6,137	6,455	317	5.2%	Comprehensive Transportation (e)	11,596	12,909	1,314	11.3%	78,800	77,455	77,455	
\$174,405	\$155,388	(\$19,017)	-10.9%	TOTAL MAJOR TRANS. REVENUES	\$338,258	\$317,024	(\$21,234)	-6.3%	\$2,092,600	\$2,284,279	\$2,284,279	
Lottery Sales By Games (d)												
54,012	49,664	(4,348)	-8.0%	Instant Games	98,884	101,929	3,045	3.1%	na	na	na	
52,033	56,345	4,311	8.3%	Daily Games	105,202	111,273	6,071	5.8%	na	na	na	
15,162	17,567	2,405	15.9%	Lotto and Big Game	34,012	33,669	(344)	-1.0%	na	na	na	
783	992	209	26.7%	Keno Game	1,622	1,837	215	13.3%	na	na	na	
0	1,188	1,188	na	Changeplay Game	0	2,144	2,144	na	na	na	na	
\$121,991	\$125,756	\$3,766	3.1%	TOTAL LOTTERY SALES	\$239,720	\$250,852	\$11,132	4.6%	na	na	na	

a Effective beginning FY 97 all revenue sharing distributions are funded through sales tax collections.

b GF-GP Sales has been estimated based on CTF and Health Initiative shares.

c GF-GP Use tax has been estimated by subtracting administrative costs of the senior drug program.

d The statutory estimate does not include an estimate of lottery sales. It only includes an estimate of the SAF transfer. The transfers shown are actual transfers from Lottery to SAF.

e The CTF distributions for FY 2002 have been estimated (includes sales tax transfer and other miscellaneous revenues dedicated to the CTF).

f 2% collections adjusted to reflect exemption on residential utilities.

g Official CAFR figures are adjusted to put them on a comparable basis with Consensus Estimates.

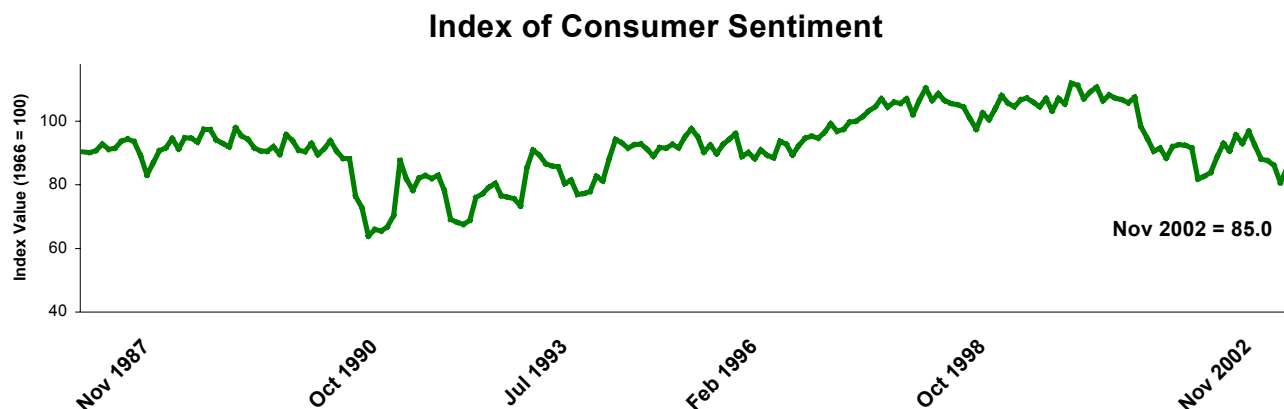
h The statutory estimate has been adjusted so that the tobacco tax revenues include the effect of the rate hike and state education tax figures include revenues from the change in payment date.

Source: Michigan Department of Treasury, Office of Revenue and Tax Analysis, based on reports from the Office of Financial Management, Michigan Department of Management and Budget, and other reports from the Michigan Department of Treasury.

## Economic Highlights

(All data seasonally adjusted unless otherwise noted.)

### U. S. Economy



Source: University of Michigan, Survey Research Center

The **Index of Consumer Sentiment** was 85.0 in November, up 4.4 index-points from the October value and 1.1 index-points above November 2001. Survey director Richard Curtin reports, “Consumers viewed prospects for the national economy more favorably in November, but did not change their grim assessments of their own financial situation. The November gain eases concerns about a renewed downturn, as the current overall level of confidence is sufficient to support a low but still positive rate of growth in consumer spending through mid 2003.” Curtin notes, “Unfortunately, consumers also expressed greater concerns about their personal finances, more frequently reported income declines, and were more likely to expect smaller income increases for the year ahead.” He also adds, “More consumers reported that their financial situation had weakened rather than improved in the November 2002 survey than at any other time during the past ten years.” In November, consumers in all 4 regions experienced a gain in confidence. Midwestern consumers experienced the largest increase of 10.2 index-points. Next were Western consumers with a gain of 4.4 index-points. Northeastern and Southern consumers both registered gains of less than one index-point. As a result, the gap across regions decreased to 3.7 index-points, with Midwestern consumers currently on top after being on the bottom last month with Northeastern consumers now on the bottom.

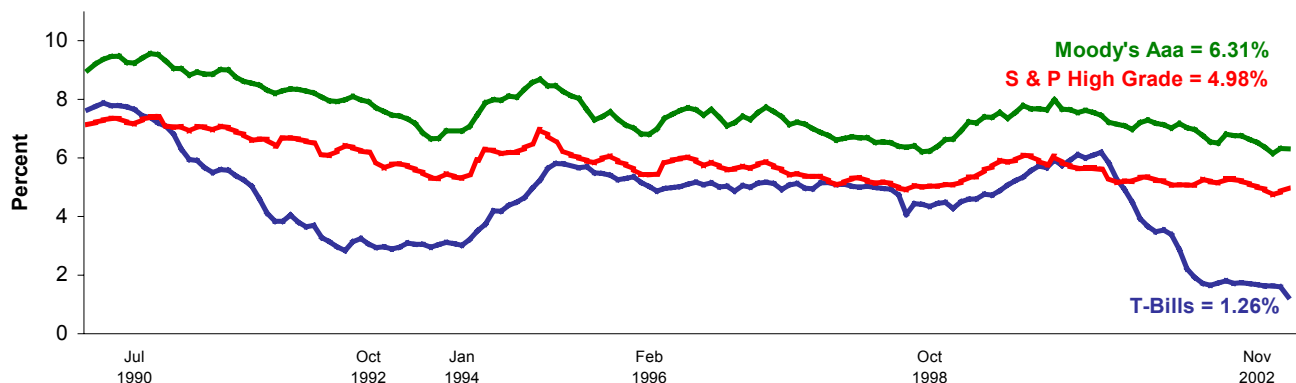
The preliminary estimate of real **Gross Domestic Product** for the third quarter of 2002 is \$9,484.0 billion (chained 1996 dollars), an increase of 4.0 percent at an annual rate. This is an upward revision of the third quarter advance number which showed annual gross domestic product growth at a 3.1 percent annual rate. In the second quarter, real gross domestic product increased 1.3 percent. The increase in preliminary third quarter GDP compared to the advanced estimate is attributed to upward revisions in private inventory investment (\$13.6 billion), state and local government spending (\$3.1 billion), residential fixed investment (\$2.7 billion) and exports (\$3.1 billion). Nonresidential structures were revised downward \$3.8 billion. The increase in total third quarter gross domestic product was led by growth in personal consumption expenditures, equipment and software, private inventory investment and government spending. Real personal consumption expenditures increased 4.1 percent in the third quarter compared to an increase of 1.8 percent in the second quarter. Durable goods purchases increased 23.1 percent in the third quarter. Real nonresidential fixed investment decreased 0.7 percent overall in the third quarter, but investment in equipment and software increased 6.6 percent which

helped soften the decline in business investment. Federal government spending increased 4.3 percent in the third quarter, down from 7.5 percent in the second quarter. State and local government spending increased 2.4 percent in the third quarter compared to a 1.7 percent decrease in the second quarter. Exports of goods and services increased 3.3 percent in the third quarter, compared to a 14.3 percent increase in the second quarter. Imports increased 2.3 percent in the third quarter, which led to a slight reduction in the trade deficit. Real final sales increased at a 3.5 percent rate in the third quarter after declining at a 0.1 percent rate in the second quarter. On the inflation front, the **implicit price deflator** measure estimate increased at 1.0 percent annual rate in the third quarter, compared to an increase of 1.2 percent observed in the second quarter.

**U. S. retail prices**, as measured by the Consumer Price Index (CPI-U), remained unchanged in November. Energy decreased 0.4 percent in November while the all-items less energy component increased 0.1 percent in November. For the six months since May, the all-items index increased at a 2.2 percent annual rate.

Compared to November 2001, the all-items index increased 2.2 percent. For major component groups, the unadjusted increases from one year ago were: food and beverages, 1.3 percent; housing, 2.4 percent; medical care, 5.0 percent; recreation, 0.9 percent; education and communication, 2.1 percent; transportation 3.3 percent, with gasoline prices up 19.3 percent; and other goods and services, 2.2 percent, with tobacco prices up 5.3 percent; while apparel was down 2.0 percent.

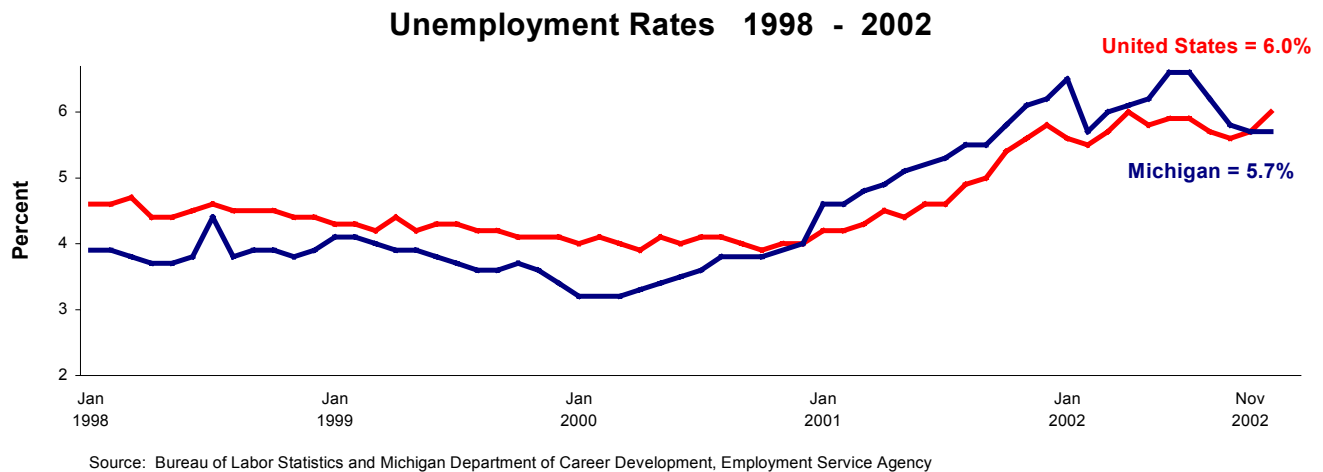
### Selected Key Interest Rates



Source: Economic Indicators

Short-term **interest rates** decreased in November as the 3-month Treasury bill (T-bill) rate averaged 1.26 percent. Compared to one year ago, the T-bill rate is down 0.67 percentage points. Long-term interest rates, such as the Aaa corporate bond rate, decreased 0.01 percentage points to an interest yield of 6.31 percent in November. Compared to one year ago, the Aaa bond yield is down 0.66 percentage points. The interest rate on High-grade municipal bonds increased 0.13 percentage points to 4.98 percent in November, and stands 0.08 percentage points below its year ago level. The Federal Open Market Committee (FOMC) held the federal funds steady at 1.25 percent at its December 10 meeting. The FOMC indicated that, "The limited number of incoming economic indicators since the November meeting, taken together, are not inconsistent with the economy working its way through its current soft spot". The committee reported that, "the risks are balanced with respect to the prospects of price stability and sustainable economic growth in the foreseeable future."

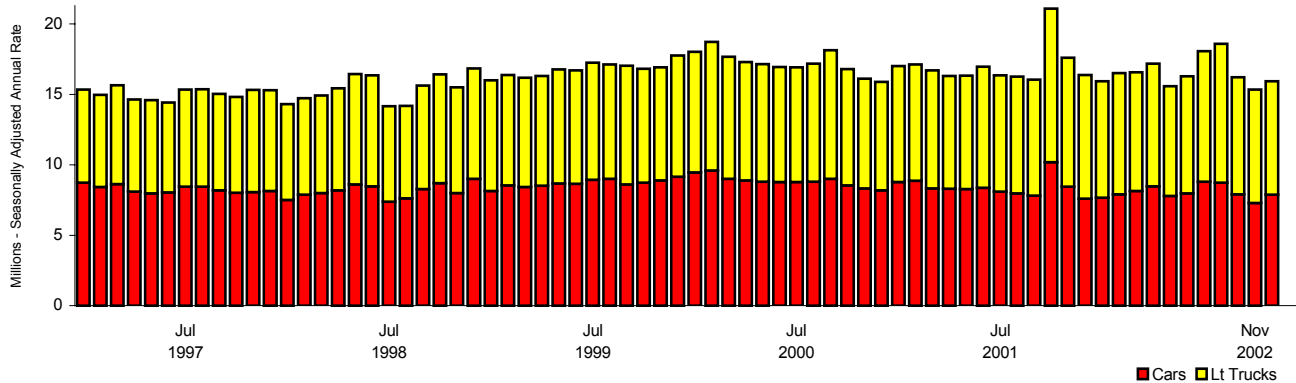
In November, the **U. S. unemployment rate** increased 0.3 percentage points to 6.0 percent and was up 0.4 percentage points from one year ago. Civilian employment totaled 134.2 million persons in November, a decrease of 689,000 from the October level and 28,000 below the November 2001 level. The labor force decreased 390,000 from last month.



In November, the **Michigan jobless rate** remained unchanged at 5.7 percent, 0.3 percentage points below the national unemployment rate. Michigan's October unemployment rate was revised upward by 0.1 percentage points to 5.7 percent. This **marks the second month in a row** that the **Michigan unemployment rate** was **below** the national average. Compared to a year ago, Michigan's jobless rate was down 0.4 percentage points. The number of people employed was down 7,000 from October's figure to 4,831,000 in November, and was 37,000 below the November 2001 level. Monthly unemployment rates fluctuate due to statistical sampling errors. Therefore, Michigan's three-month unemployment rate average of 5.7 percent in November may be a better measure of actual job market conditions.

## Motor Vehicle Sector

### U. S. Light Vehicle Sales

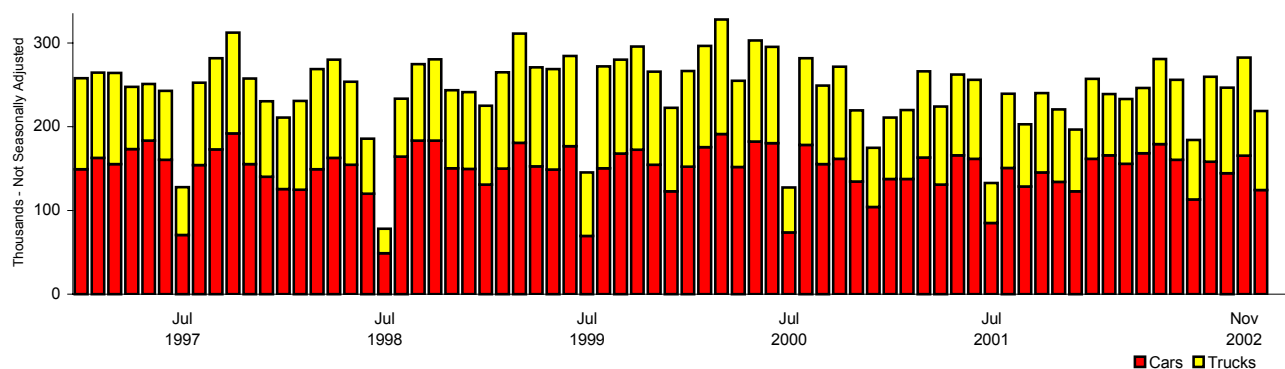


Source: Bureau of Economic Analysis

**U. S. light vehicle sales** (cars + light trucks) increased 0.6 million units in November selling at a 15.9 million unit seasonally adjusted annual rate. Domestic car sales increased 4.9 percent while domestic light truck sales decreased 1.3 percent. Import car sales increased 16.8 percent and import truck sales increased 9.9 percent. As a result, the domestic share decreased 2.0 percentage points to 78.8 percent. Compared to last year, light vehicle sales were down 9.5 percent. Domestic car sales were down 9.8 percent and domestic light truck sales were down 14.3 percent. Import car sales were up 2.3 percent and import truck sales were up 4.4 percent from last year. Thus, the domestic share decreased 2.6 percentage points from a year ago. For the fiscal year-to-date, domestic light vehicles have a 79.8 share of a 15.6 million unit market.

**Michigan motor vehicle production** decreased to 218,793 units in November. From a year ago motor vehicle production decreased 1 percent in both Michigan and nationally. In November, Michigan's car production was 124,245 units while the state's truck production was 94,458 units. Compared with a year ago, car production decreased 7 percent in Michigan and fell 4 percent nationwide. The state's truck production increased 9 percent while national truck production increased 1 percent from a year ago. Michigan motor vehicle production data are not seasonally adjusted.

### Michigan Motor Vehicle Production



Source: Office of Revenue & Tax Analysis

**Summary Estimates of the Constitutional Revenue Limit  
Based on the May 16, 2002 Consensus Revenue Agreement  
(Article IX, Section 26)  
(in millions)**

	<b>Fiscal Year 2000-2001 Actual</b>	<b>Fiscal Year 2001-2002 Estimate</b>	<b>Fiscal Year 2002-2003 Estimate</b>
<b>Revenue Limit Calculation</b>			
Applicable Calendar Year Personal Income	\$277,296	\$289,390	\$295,108
Section 26 Base Ratio	9.49%	9.49%	9.49%
Revenue Limit	\$26,315.4	\$27,463.1	\$28,005.7
<b>Amount Under Limit Calculation</b>			
Revenue Limit	\$26,315.4	\$27,463.1	\$28,005.7
State Revenue Subject to Limit	\$23,909.2	\$23,435.9	\$24,451.9
<b>Amount Under (Over) Limit</b>	<b>\$2,406.2</b>	<b>\$4,027.2</b>	<b>\$3,553.9</b>

Sources:

Personal Income Estimate

The FY 2000-01 calculation uses the official personal income estimate for calendar year 1999 (Survey of Current Business, October 2000).

The FY 2001-02 calculation uses the preliminary April 2001 release for personal income for calendar year 2000 (Bureau of Economic Analysis).

The FY 2002-03 calculation uses the May 16, 2002 Consensus Revenue Agreement.

Revenue Subject to the Limit

The FY 2000-01 calculation uses the State of Michigan Statement of Revenue Subject to Constitutional Limitation - Legal Basis for the Fiscal Year Ended September 30, 2001.

The FY 2001-02 calculation uses the May 16, 2002 Consensus Revenue Agreement.

The FY 2002-03 calculation uses the May 16, 2002 Consensus Revenue Agreement.

Prepared By: Office Of Revenue and Tax Analysis, Michigan Department of Treasury